

Message Text

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17

ACTION EB-07

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 6850

C O N F I D E N T I A L KINSHASA 1998

E.O. 11652: GDS

TAGS: ENGR, CG

SUBJECT: POL SITUATION IN ZAIRE

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1. SUMMARY: THE KINSHASA END OF ZAIRE FACES POSSIBLE SERIOUS SHORTAGE OF ALL PETROLEUM PRODUCTS LATER THIS MONTH. WHILE SHABA DIESEL SITUATION SHOULD BE EASING, GASOLINE AND KEROSENE REMAIN EXTREMELY SHORT IN THAT REGION. KIVU IS HURTING FOR ALL PRODUCTS AND THERE IS A WIDE LACK OF AND BLACK MARKET IN KEROSENE, THE BASIC HOME FUEL. THE POTENTIAL POLITICAL EFFECTS OF THE POL CRUNCH HAVE ALWAYS BEEN WORRISOME. THEY ARE EVEN MORE SO NOW. END SUMMARY.

2. MOBILE REP DUBRULE INFORMED EMBOFF MARCH 3 THAT PETROLEUM PRODUCTS (KEROSENE, GASOLINE, DIESEL) THEN IN COUNTRY OR UNDERWAY WERE SUFFICIENT TO SUPPLY THE WESTERN PART OF ZAIRE AT NORMAL CONSUMPTION RATES FOR TWO AND A HALF TO THREE WEEKS. THE LAST WEEK'S WORTH OF THOSE SUPPLIES WERE ON BOARD A TANKER WHICH HAD WAITED 10 TO 12 DAYS IN CURACAO BEFORE GOZ MADE AVAILABLE NECESSARY FX TO PROCEED WITH LOADING. WE NOW LEARN FROM DUBRULE THAT THAT SAME TANKER IS BEING DELAYED IN PANAMA CANAL FOR SOLID WEEK. IF ALTERNATIVE ARRANGEMENTS DO NOT CRYSTALLIZE SOON, WE CAN
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ANTICIPATE A SERIOUS SHORTAGE OF ALL PRODUCTS THROUGHOUT THE

PERIOD MARCH 20 TO 28. HOWEVER, DUBRULE IS NOW GUARDEDLY OPTIMISTIC REGARDING ALTERNATIVES.

3. RESTRICTIONS WHICH HAVE BEEN IN EFFECT SINCE FEB 18 ON JET FUEL AVAILABILITY TO SCHEDULED INTERNATIONAL FLIGHTS THROUGH KINSHASA WERE SCHEDULED TO BE LIFTED MARCH 4. DUBRULE SAYS PETROZAIRE HAS DECIDED TO GO AHEAD AND LIFT THEM FOR ONE WEEK, AFTER WHICH THE POSSIBILITY OF REINSTITUTING CONTROLS WILL BE STUDIED.

4. MEANWHILE, CRUDE OIL AVAILABLE TO FEED LOCAL REFINERY IS SUFFICIENT FOR TWO MORE WEEKS ONLY. TO AVOID INTERRUPTION OF REFINERY OPERATIONS ABOUT MARCH 17, GOZ WOULD HAVE TO MAKE AVAILABLE \$3 MILLION FX BY MONDAY, MARCH 8. THIS WOULD ALLOW LOADING OF ANOTHER TANKER WHICH STILL WAITING OFF CURACAO. DUBRULE DOUBTS ZAIRE ABLE TO COME UP WITH \$3 MILLION AT THIS MOMENT.

5. DUBRULE POINTS OUT THAT IN SHABA DELIVERIES OF GASOLINE AND KEROSENE FROM NDOLO IN ZAMBIA HAVE BEEN THROTTLED FOR EXTENDED PERIOD. HE POINTS OUT THAT LETTERS OF CREDIT FOR SIGNIFICANT DELIVERIES ARE NOW ON HAND, BUT THAT CONTINUED NON-AVAILABILITY OF TANK CARS ON THE RAIL LINE IS PRIMARY OBSTACLE. STORIES REACHING DUBRULE, AND CONFIRMED BY CONSULATE LUBUMBASHI, ARE THAT WHAT LITTLE GASOLINE AVAILABLE GOING FOR AS MUCH AS Z1.25 PER LITER. DIESEL SUPPLY SITUATION IN SHABA SHOULD, ACCORDING TO DUBRULE, BE EASING AS PETROZAIRE CONCENTRATING SOUTH AFRICAN SOURCED DELIVERIES BY RAIL ON THAT PRODUCT. A SHIFT TO DIFFERENT PRODUCTS COULD NOT BRING RELIEF IN GASOLINE AND KEROSENE BEFORE ABOUT 18 DAYS (OF WHICH 15 ACTUAL LENGTH OF TRANSIT TIME). IN ANY CASE, NO SHIFT BEING CONTEMPLATED CURRENTLY.

6. EMBOFF JUST BACK FROM KIVU INDICATES SERIOUS SHORTAGE ALL PETROLEUM PRODUCTS IN THAT REGION. USUAL SOURCING FROM NEIGHBORING COUNTRIES (PARTICULARLY UGANDA) GREATLY REDUCED DUE TO EVER STRICTER DEMANDS FOR HARD CURRENCY.
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7. COMMENT: ALL ABOVE FACTORS SHOULD BE VIEWED IN LIGHT OF OVERALL DETERIORATION OF DOMESTIC ECONOMIC SCENE. THEY IMPACT
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NOT ONLY ON DAY-TO-DAY ECONOMIC LIFE OF THE COUNTRY, BUT ON DAILY STRUGGLE FOR EXISTENCE OF LARGE MAJORITY OF ZAIRIANS. KEROSENE IS A CASE IN POINT. WHEREAS DURING NORMAL TIMES THERE ARE CERTAIN BASIC AND BUILT-IN RESERVES IN STOCKS AND IN THE PIPELINE, THE LAST YEAR OF REDUCED AND LATE DELIVERIES HAS DRIED UP THOSE RESERVES. THUS, ANY HITCH IN NORMAL SUPPLY OR DISTRIBUTION IMPACTS IMMEDIATELY ON THE POPULATION. UNDER SUCH CIRCUMSTANCES, BLACK MARKETING IS INEVITABLE AND IS INDEED IN

FULL SWING HERE. WITH KEROSENE THE BASIC HOME FUEL THROUGHOUT
MOST OF THE COUNTRY, THE INFLATIONARY EFFECT OF THIS BLACK
MARKET ON HOME ECONOMICS IS VERY SIGNIFICANT. MEANWHILE, GASOLINE
AND DIESEL SHORTAGES ARE IMPACTING ON ALREADY TENUOUS FOOD
DISTRIBUTION CHANNELS. THE POTENTIAL POLITICAL EFFECTS OF THE POL
CRUNCH HAVE ALWAYS BEEN WORRISOME. THEY ARE EVEN MORE SO NOW.
END COMMENT.
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